



BILLING CODE (3410-XY-U)

DEPARTMENT OF AGRICULTURE

Rural Business-Cooperative Service

Locally or Regionally Produced Agricultural Food Products

AGENCY: Rural Business-Cooperative Service, USDA.

ACTION: Notice.

SUMMARY:

The Locally or Regionally Produced Agricultural Food Products provision, under the Business and Industry (B&I) Guaranteed Loan Program, is designed to help facilitate the production, processing, and distribution of locally and regionally produced agricultural food products. Although demand exists for locally and regionally produced foods, producers in many parts of the country have difficulties accessing markets and processing facilities as well as establishing distribution channels. In addition, some retail outlets are less willing to buy from smaller volume producers because the volume of food that the producers can supply at any one time is insufficient.

The Locally or Regionally Produced Agricultural Food Products provision provides loan guarantees for the purpose of establishing or facilitating enterprises that process, distribute, aggregate, store, and market locally or regionally produced agricultural food products to support community development and farm and ranch income. For purposes of this provision under the B&I Guaranteed Loan Program, 7 USC 1932(g)(9) provides: “The term ‘locally or regionally produced agricultural food product’ means any agricultural food product that is raised, produced, and distributed in the locality or region in which the final product is marketed, so that the total distance that the product is transported is less than 400 miles from the origin of the product, or in the State in which the product is produced.” Food products could be raw, cooked, or a processed edible substance, beverages, or ingredients used or intended for use or for sale in whole or in part for human consumption.

To be eligible for funding through the Locally or Regionally Produced Agricultural Food Products provision, projects must ensure that there is an agreement that the local or regional nature of the food product is conveyed to the end consumer. If the end product is sold at a grocery retail facility or institution, local products must be identified to the consumer with a sticker, sign, or other indicator of the product’s local or regional origin.

The Locally or Regionally Produced Agricultural Food Products provision gives priority to the financing of projects that provide a benefit to underserved communities. An underserved community is defined as a community (including an urban or rural community and an Indian tribal community) that has limited access to affordable, healthy

foods, including fresh fruits and vegetables, in grocery retail stores or farmer to consumer direct markets AND has a high rate of hunger or food insecurity or a high poverty rate as determined by the Secretary. Applicants that serve schools may also be eligible. Projects that have components that benefit underserved communities will receive priority.

For the purpose of this provision, projects that are physically located in an urban area are eligible for priority funding if the project provides a clear benefit to an underserved community by increasing that underserved community's access to affordable, healthy, locally, or regionally produced foods. For example, an aggregation and distribution center that is physically located in an urban area would be eligible for priority funding if a meaningful portion of the aggregated product is made available to consumers at grocery retail establishments located within the underserved community or to food banks, schools, or other institutions serving low-income populations, thus providing a benefit to the underserved community. An aggregation and distribution center in an urban area would not be eligible for priority funding under the provision if it distributes all of its food to high-end markets. When there is a tie in priority scoring, projects that serve underserved communities will be funded over those that do not serve underserved communities.

Through Fiscal Year 2018, the Agency is required to reserve not less than 5 percent of the funds available to the B&I program until April 1 of each year for entities that establish and facilitate the processing, distributing, aggregating, storing, and marketing of locally or regionally produced agricultural food products. The Agency will also continue to fund local or regionally produced agricultural food products projects after the April 1

reserve expires. Requirements for submission can be found in 7 CFR, part 4279, subpart B.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

This action has been reviewed and determined not to be a rule or regulation as defined in Executive Order 12866, as amended by Executive Order 13258.

_____	April 18, 2014
Andrew Jermolowicz	Date
Acting Administrator	
Rural Business-Cooperative Service	

[FR Doc. 2014-09870 Filed 04/29/2014 at 8:45 am; Publication Date: 04/30/2014]